

FEB 19, 2014

Burnie Burner
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14-0004-0000
Hearings Unit, SOIC
Patricia D. Petersen
Telephone: 509-487-3100
Chief Hearing Officer

February 18, 2014

VIA OVERNIGHT AND EMAIL

Hearings Unit
State of Washington
Office of Insurance Commissioner
5000 Capitol Blvd.
Tumwater, WA 98501

Attn: Ms. Kelly Cairns

Re: No. 14-0004
Redomestication of Investors Consolidated Insurance Company (ICIC) and
Proposed Merger with Western United Life Assurance Company (WULA)

Dear Ms. Cairns:

On behalf of ICIC as the applicant and WULA as a merging company and in accordance with the Notice of Hearing we file the following documents:

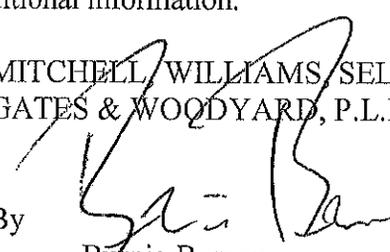
1. Notice of Appearance
2. Opening Statement
3. Pre-Filed Testimony of Daniel George
4. Pre-Filed Testimony of Dale Whitney
5. Closing Statement.

Mr. George and Mr. Whitney will be appearing in person at the hearing.

Please let me know if you need any additional information.

MITCHELL WILLIAMS SELIG,
GATES & WOODYARD, P.L.L.C.

By


Burnie Burner

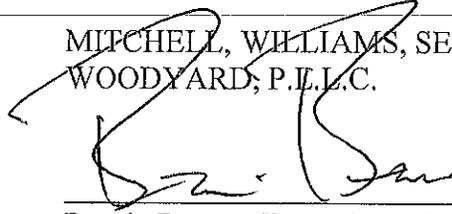
BB:bev

cc: Daniel George
Dale Whitney
John E. McGettigan
Mike Kreidler, Insurance Commissioner (w/enc.)
James T. Odiorne, J.D., CPA, Chief Deputy Insurance Commissioner (w/enc.)
William Michels, Deputy Commissioner, Company Supervision Division (w/enc.)
Gayle Pasero, Company Licensing Manager, Company supervision Div. (w/enc.)
Ronald J. Pastuch, Holding Company Manager, Company Supervision Div. (w/enc.)
AnnaLisa Gellermann, Esq., Deputy Commissioner, Legal Affairs Division (w/enc.)
Marcia Stickler, Staff Attorney, Legal Affairs Division (w/enc.)
Office of the Insurance Commissioner
P.O. Box 40255
Olympia, WA 98504-0255

1. NOTICE OF APPEARANCE

DATED: 2/18, 2014

MITCHELL, WILLIAMS, SELIG, GATES &
WOODYARD, P.L.L.C.

A handwritten signature in black ink, appearing to read "Burnie Burner", written over a horizontal line.

Burnie Burner, Texas State Bar # 03425700
Attorney for Investors Consolidated Insurance
Company and Western United Life Assurance
Company

CERTIFICATE OF SERVICE

I, Burnie Burner, do hereby certify that a copy of the foregoing was sent via email and U.S. Mail on this 18th day of February 2014, to the following:

Marcia Stickler
OFFICE OF INSURANCE COMMISSIONER
Legal Affairs Division
P.O. Box 40255
Olympia, WA 98504-0255
marcias@oic.wa.gov

Kelly Cairns
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Ronald J. Pastuch
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Gayle Pasero
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Burnie Burner

2. OPENING STATEMENT

proposed redomestication and RCW 48.31.010 for approval of a proposed merger. Although Applicant and WULA are affiliates, we will also offer evidence that the proposed merger complies with RCW 48.31B.015. This statute appears to apply to mergers under subsection (1) but mergers under RCW 48.31.010 are excluded under subsection (5). ¹The Office of the Insurance Commissioner carefully reviewed the applications and determined that both filings were complete on December 24, 2013 and that all legal requirements had been met.

III. RELIEF REQUESTED

The standards for the review of these applications are contained in RCW 48.07.210(2), for redomestications, and RCW 48.31.010 and RCW 48.31B.015(4), for mergers. The Applicant and WULA have submitted the Pre-filed Direct Written Testimony of Daniel George, President and Treasurer of the Applicant, and Dale Whitney, President of WULA, to address those standards, the transactions and the additional information provided in the redomestication and merger applications and supplemental information.

The testimony of Mr. George and Mr. Whitney describes the operations of the Applicant and WULA, and their affiliates, the financial condition of the Applicant and the future plans for WULA and the Applicant.

Mr. George's and Mr. Whitney's testimony also specifically addresses the statutory standards for review contained in RCW 48.07.210(2) and RCW 48.31.010 in addition to each of the six standards contained in RCW 48.31B.015(4). In short, their testimony establishes that the proposed transactions do not violate the statutory standards for review and meet the requirements contained in RCW 48.07.210(2), RCW 48.31.010 and RCW 48.31B.015(4).

¹ This statute appears to apply to mergers under subsection (1) but mergers under RCW 48.31.010 are excluded under subsection (5).

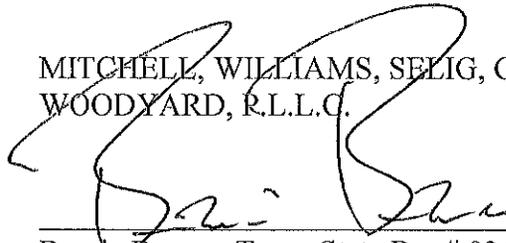
We anticipate that testimony offered on behalf of the OIC will attest to the completeness of the redomestication and merger applications and the associated supplemental responses and the absence of any statutory or other basis for disapproval.

IV. CONCLUSION

We believe the testimony and documentary evidence from the Office of the Insurance Commissioner, the Applicant, and WULA will demonstrate, without exception, that the evidence does not support a determination that proposed transactions fail to meet any of the statutory standards for review contained in RCW 48.07.210(2) and RCW 48.31.010, or any of the six statutory standards for review contained in RCW 48.31B.015(4), and the redomestication and merger applications should be approved.

DATED: 2/18, 2014

MITCHELL, WILLIAMS, SELIG, GATES &
WOODYARD, R.L.L.C.



Burnie Burner, Texas State Bar # 03425700
Attorney for Investors Consolidated Insurance
Company and Western United Life Assurance
Company

CERTIFICATE OF SERVICE

I, Burnie Burner, do hereby certify that a copy of the foregoing was sent via email and U.S. Mail on this 28th day of February 2014, to the following:

Marcia Stickler
OFFICE OF INSURANCE COMMISSIONER
Legal Affairs Division
P.O. Box 40255
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Kelly Cairns
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Gayle Pasero
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Company Supervision Division
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gaylep@oic.wa.gov



Burnie Burner

3. PRE-FILED TESTIMONY OF DANIEL GEORGE

FILED

FEB 19, 2014

BEFORE THE STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

In the Matter of the Proposed
Redomestication of:

NO. 14-0004

INVESTORS CONSOLIDATED
INSURANCE COMPANY, a New
Hampshire insurer,

and the Proposed Merger of:

WESTERN UNITED LIFE ASSURANCE
COMPANY, a Washington domestic insurer

with and into

INVESTORS CONSOLIDATED
INSURANCE COMPANY.

PRE-FILED TESTIMONY OF DANIEL GEORGE

Introduction

1. Please state your name for the record.

ANSWER: Daniel George.

2. Can you state for the record your purpose for being here today?

ANSWER: I appear today as the President and Treasurer of Investors Consolidated Insurance Company ("ICIC") and Chief Executive Officer of Western United Life Assurance Company ("WULA") to testify in support of the applications which are the subject of this hearing.

3. What company filed the applications?

ANSWER: WULA and its wholly-owned subsidiary ICIC in the above-entitled action relating to ICIC's proposed redomestication and merger with WULA.

4. Please describe your educational background.

ANSWER: I hold a Bachelor of Arts degree in Economics from the University of Houston and the insurance industry designations of FLMI, CLU, and ChFC.

5. How long have you been employed by your current employer?

ANSWER: 27 years.

6. Please describe your previous employment positions.

ANSWER: My career-level employment began with my current employer, and I had no material previous employment.

7. What is the basis for your information and knowledge about the proposed redomestication and merger that is described in the applications?

ANSWER: I am the President and Treasurer of ICIC and CEO of WULA I am familiar with the operation and financial condition of both companies. I participated in the review and drafting of the UCAA Primary Application for the redomestication and the merger application documents.

8. As part of this involvement, have you reviewed the applications as supplemented and the supplemental information and materials provided to the Washington State Office of the Insurance Commissioner relating to the applications, as already admitted into evidence as exhibits to this hearing?

ANSWER: I directed the preparation of the proposed redomestication and merger applications and reviewed all of the information contained in the applications and in our supplemental responses for filing with the Office of the Insurance Commissioner.

9. Do you believe that the applications and the supplemental information and materials provided to the Department are complete, true and current in all material respects?

ANSWER: YES.

Corporate Structure of ICIC and Affiliates

10. Please describe the corporate structure of ICIC.

ANSWER: ICIC is a New Hampshire stock life insurance company. ICIC is a member of Harris Insurance Holdings, a insurance holding company with offices in Houston, Texas. (the "Harris Group"). The Harris Group owns Central United Life Insurance Company, an Arkansas life insurance company, ("Central United") which acquired all of the issued and outstanding stock of WULA on March 29, 2013 in a transaction approved by the Commissioner of Insurance on March 24, 2013. At the date of the acquisition of WULA by Central United, ICIC was a wholly owned subsidiary of Central United. As part of the closing as approved by the Commissioner of Insurance, Central United contributed all of the issued and outstanding stock of ICIC to WULA, making it a wholly owned subsidiary of WULA. The current affiliates of ICIC and WULA are reflected on the Harris Group Organization Chart attached as Exhibit One.

11. Please describe the corporate structure of ICIC.

ANSWER: ICIC is currently in runoff but retains a small book of life and health insurance. It has no active agents. Policyholder service and claims administration will continue to be provided by the current staff in Houston, Texas.

12. Please provide information regarding any subsequent material change in the financial condition, management, organization or operations of any person who was acquired by ICIC over the past 5 years.

ANSWER: ICIC has not made an acquisition in the past 5 years.

Operations of WULA

--- --13. Please briefly describe WULA.-----

ANSWER: WULA is a Washington-stock life insurance company with its home office and administrative office in Spokane, Washington. WULA currently writes fixed annuities in 16 states through licensed independent insurance agents.

Description of the Proposed Redomestication and Merger

14. Has the acquisition of WULA been successful?

ANSWER: We believe so. The incorporation of WULA into the Harris Group has been successful and the company has done well financially. Our preliminary 2013 results indicate that net income was \$12,440,065 as compared to \$10,205,745 for 2012, and the capital and surplus increased to \$62,790,409 for 2013 from 32,915,237 in 2012.

15. Please provide a brief description of the principal components of the proposed redomestication and merger.

ANSWER: A redomestication and merger involving WULA and ICIC have been part of the strategic plan for these companies since WULA became a member of the Harris Group in March of 2013.

The proposed redomestication will cause ICIC to become a Washington domiciled life insurance company, a necessary prerequisite to its merger with WULA. Other than the change in domicile, there will be no change in the officer, directors, management or operations of ICIC as a result of the redomestication.

Immediately upon the approval of the redomestication, ICIC will merge with WULA. ICIC will be the surviving company and will be renamed Western United Life Assurance Company to provide continuity for the policyholders and agents.

16. What prompted ICIC to pursue the merger with WULA?

ANSWER: The merger of ICIC and WULA combines the fiscal resources of both companies to focus on the marketing of fixed annuities. Since ICIC is currently licensed in more states than WULA, it also provides an opportunity to expand the market of the combined companies.

17. What entities will own or control WULA following the proposed merger?

ANSWER: WULA will continue to be a wholly owned subsidiary of Central United, as reflected on the pro-forma organizational chart attached as Exhibit Two.

Financial Condition of ICIC

18. Describe generally the financial condition of ICIC.

ANSWER: ICIC has \$7,571,895 million of capital and surplus as of September 30, 2013. Its operations have provided net income in each of the last 3 years resulting in an increase in surplus each year.

19. Will the proposed redomestication and merger have a direct impact on the financial condition of ICIC?

ANSWER: The proposed redomestication will not impact the financial condition of ICIC. The proposed merger will combine the assets and liabilities of WULA with those of ICIC. The proforma financial statements of the combined companies and projections of future operations are attached to the application.

20. Does ICIC's future plans for WULA include any anticipated dividend payments?

ANSWER: After the merger, WULA will pay dividends from time to time as appropriate and in compliance with applicable Washington law, but there is no present dividend plan or schedule.

Benefits of the Proposed Redomestication and Merger and Future Plans for ICIC

21. What are the primary benefits of the proposed redomestication and merger to ICIC and its policyholders?

ANSWER: After the merger, WULA will have increased financial resources and a larger geographic scope to provide additional spread of risk.

22. Would you please summarize what is contemplated in terms of your future plans for ICIC?

ANSWER: After the merger, WULA will operate from the Spokane Home Office and to continue to write fixed annuities through carefully selected and supervised independent agents.

23. What actions does ICIC plan to take with respect to the handling of customer complaints?

ANSWER: After the merger WULA will continue to use the current policyholder service staff in Spokane, Washington in order to maintain a high level of service. Any complaints received will continue to be handled in a prompt and professional manner.

24. In view of your role in the transaction on behalf of ICIC, would you normally be aware of any objections or concerns that would have been received by ICIC or WULA with respect to the transaction?

ANSWER: YES.

25. Have any objections or concerns been received by ICIC or WULA with respect to the transaction?

ANSWER: NO.

26. Following the merger, will ICIC honor its commitment to all its policy and other contract rights and obligations?

ANSWER: YES.

Statutory Questions

27. Following the proposed transactions, is there any reason ICIC, as the surviving entity, will not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which ICIC is presently licensed?

ANSWER: NO.

28. Will the effect of the proposed transactions substantially lessen competition or tend to create a monopoly in insurance in Washington?

ANSWER: NO. WULA writes annuities in 16 states and ICIC does not write annuities.

29. Is the financial condition of ICIC and its affiliates such as might jeopardize the financial stability of ICIC, as the surviving entity?

ANSWER: NO.

30. Are there any plans or proposals to liquidate ICIC, sell its assets, consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, unfair and unreasonable to the policyholders of ICIC and WULA, and not in the public interest?

ANSWER: NO.

31. Are the competence, experience and integrity of those persons who would control the operation of ICIC such it would not be in the interest of the policyholders of ICIC, WULA, and of the public to permit the merger?

ANSWER: NO.

32. Are the transactions likely to be hazardous or prejudicial to the insurance buying public?

ANSWER: NO.

33. Do you believe the merger to be fair, equitable and in compliance with the law?

ANSWER: YES.

34. To the best of your knowledge, is any director, officer, member, subscriber, shareholder or employee of WULA or ICIC receiving any fee, commission, or other compensation or valuable consideration for in any manner aiding, promoting or assisting in the merger?

ANSWER: NO.

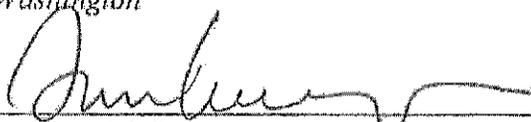
35. Are you aware of any reason the redomestication of ICIC is not in the best interest of its policyholders or the public?

ANSWER: NO.

36. Are you asking the Hearing Officer to approve the redomestication and merger applications?

ANSWER: YES.

The above testimony is true, correct and complete to the best of my knowledge and given subject to the laws of perjury of the state of Washington



Name: Daniel George
Title: President and Treasurer of Investors
Consolidated Insurance Company

Date: 2/18, 2014

4. PRE-FILED TESTIMONY OF DALE WHITNEY

FILED

BEFORE THE STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

FEB 19, 2014

Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

In the Matter of the Proposed
Redomestication of:

NO. 14-0004

INVESTORS CONSOLIDATED
INSURANCE COMPANY, a New
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and the Proposed Merger of:

WESTERN UNITED LIFE ASSURANCE
COMPANY, a Washington domestic insurer

with and into

INVESTORS CONSOLIDATED
INSURANCE COMPANY.

PRE-FILED TESTIMONY OF DALE WHITNEY

Introduction

1. Please state your name for the record.

ANSWER: Dale Whitney.

2. Can you state for the record your purpose for being here today?

ANSWER: I appear today as the President of Western United Life Assurance Company ("WULA"), to testify in support of the merger application which is the subject of this hearing.

3. How long have you been employed by WULA?

ANSWER: 24 years.

4. What is the basis for your information and knowledge about the Proposed Merger that is described in the application?

ANSWER: I am the President of WULA, and I am familiar with its operation and financial condition. I participated in the drafting of the merger application filed with the Office of Insurance Commissioner.

5. As part of this involvement, have you reviewed the merger application and the supplemental information and materials provided to the Washington State Office of the Insurance Commissioner relating to the Proposed Merger, as already admitted into evidence as exhibits to this hearing?

ANSWER: Yes, I am familiar with the information filed with the Office of Insurance Commissioner, including the plans for WULA and its management.

Operations of WULA

6. Please briefly describe WULA.

ANSWER: WULA is a Washington life insurance company with its home office and administrative office in Spokane, Washington and marketing only fixed annuities.

7. In your view, has the acquisition of WULA by Central United Life Insurance Company been successful:

ANSWER: Yes. We have retained our existing staff and used the resources provided by Central United and The Harris Group to grow the company in a responsible way while focusing on our core business.

8. Following the merger, will WULA honor its commitment to all its policy and other contract rights and obligations?

ANSWER: YES.

Statutory Questions:

9. Following the merger, is there any reason Investors Consolidated Insurance Company ("ICIC"), as the surviving entity, will not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which ICIC is presently licensed?

ANSWER: NO.

10. Will the effect of the merger substantially lessen competition or tend to create a monopoly in insurance in Washington?

ANSWER: NO. WULA writes annuities in 16 states and ICIC does not write annuities.

11. Is the financial condition of ICIC and its affiliates such as might jeopardize the financial stability of ICIC, as the surviving entity?

ANSWER: NO.

12. Are there any plans or proposals to liquidate ICIC, as the surviving entity, sell its assets, consolidate or merge it with any person, or to make any other material change in its

business or corporate structure or management, unfair and unreasonable to the policyholders of ICIC and WULA, and not in the public interest?

ANSWER: NO.

13. Are the competence, experience and integrity of those persons who would control the operation of ICIC, as the surviving entity, such it would not be in the interest of the policyholders of ICIC, WULA, and of the public to permit the merger or other acquisition of control?

ANSWER: NO.

14. Is the merger likely to be hazardous or prejudicial to the insurance buying public?

ANSWER: NO.

15. Do you believe the merger to be fair, equitable and in compliance with the law?

ANSWER: YES.

16. Are you aware of any objections to the merger?

ANSWER: NO.

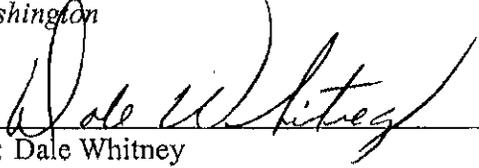
17. To the best of your knowledge, is any director, officer, member, subscriber, shareholder or employee of WULA or ICIC receiving any fee, commission, or other compensation or valuable consideration for in any manner aiding, promoting or assisting in the merger?

ANSWER: NO.

18. Are you asking the Hearings Officer to approve this merger application?

ANSWER: YES.

The above testimony is true, correct and complete to the best of my knowledge and given subject to the laws of perjury of the state of Washington


Name: Dale Whitney
Title: President, Western United Life Assurance Company

Date: 2/18, 2014

5. CLOSING STATEMENT

~~require, that the transfer is not in the best interests of the public or the insurer's policyholders in this state."~~

RCW 48.31.010(1)(b) conditions approval of the merger on a finding by the Commissioner that the merger is fair, equitable, consistent with law and that no reasonable objection exists.

RCW 48.31B.015(4)(a) provides that "the commissioner shall approve a merger or other acquisition of control . . . unless, after a public hearing thereon, he or she finds" that any of the ~~six identified bases for disapproval set forth in that statute exists.~~

In addressing these provisions, Mr. Daniel George, who testified on behalf of the Applicant, and Mr. Dale Whitney, who testified on behalf of Western United Life Assurance Company ("WULA"), demonstrated that the proposed transactions do not violate the statutory standards for review contained in RCW 48.07.210(2), RCW 48.31.010 or any of the six standards for review outlined in RCW 48.31B.015(4).

Thus, the hearing testimony and other evidence offered at the hearing by the Applicant, WULA, and the Office of the Insurance Commissioner establishes, without exception, that none of the statutory bases for disapproval of the applications exist. The evidence also establishes that there have been no objections to the proposed redomestication or merger.

The Hearings Officer, on behalf of the Commissioner, should know the staff of the Office of Insurance Commissioner, in particular Mr. Pastuch and Ms. Pasero, have been very professional, competent, fair and firm in their handling of these applications. They are a credit to the Office and have been a pleasure to work with in successfully completing the process.

We respectfully request that the Hearing Officer approve the redomestication and merger on behalf of the Office of the Insurance Commissioner.

DATED: 2/18, 2014

MITCHELL, WILLIAMS, SELIG, GATES &
WOODYARD, P.L.L.C.



Burnie Burner, Texas State Bar # 03425700
Attorney for Investors Consolidated Insurance
Company and Western United Life Assurance
Company

CERTIFICATE OF SERVICE

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